

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6024

BILL NUMBER: HB 1027

NOTE PREPARED: Oct 17, 2006

BILL AMENDED:

SUBJECT: Minimum Wage; Wage Claims.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Minimum Wage:* This bill increases Indiana's minimum hourly wage to \$6 on September 1, 2007, \$6.75 on March 1, 2008, and \$7.50 on September 1, 2008.

Wage Assignment: The bill increases from \$800 to \$3,000 the amount of the maximum wage claim for which the Commissioner of the Department of Labor may take an assignment.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Minimum Wage:* The state has ten employees who are paid less than \$7.50 per hour. The cost to increase the minimum wage from the current rate of \$5.15 to \$6.00 per hour on September 1, 2007, \$6.75 per hour on March 1, 2008, and \$7.50 per hour on September 1, 2008, would be approximately \$16,400 for FY 2008 and \$39,100 for FY 2009. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Wage Assignment: The impact on the state and local governments would be as an employer and should be a minor impact, if any. Increasing to \$3,000 from \$800 the amount of the maximum wage claim for which the Commissioner of the Department of Labor may take an assignment could increase the administrative costs of the Department of Labor. The increase in costs would probably be minor.

Explanation of State Revenues:

Explanation of Local Expenditures: *Minimum Wage:* The local impact of increasing the minimum wage is unknown, but probably minor. The percentage increase from the current rate of \$5.15 would be 16.5% on

September 1, 2007, 31.1% on March 1, 2008, and 45.6% on September 1, 2008. The increase in the minimum salary would also affect the local unit's cost of wage-related benefits such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.